



## **BOARD MEETING MINUTES**

**Iowa Finance Authority  
2015 Grand Avenue  
Des Moines, Iowa  
February 6, 2013**

### **Board Members Present**

Darlys Baum, Chair	Michel Nelson
David Erickson, Vice Chair	Eric Peterson
David Greenspon	Ruth Randleman
Jeffrey Heil (via telephone)	

### **Board Members Absent**

Heather Armstrong	Carmela Brown, Treasurer
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### **Staff Members Present**

David Jamison, Executive Director/Board Secretary	Karla Martinez, Housing Compliance Specialist
Lori Beary, Community Development Director	Scott McClure, Housing Compliance Specialist
Melody Berns, Housing Compliance Specialist	Susan Mock, Program Assistant
Deb Briggs, Housing Compliance Specialist	Mike Sharp, Quality Control Coordinator
Dan Brown, Contract Renewal Division Manager	Michele Stump, Housing Compliance Specialist
Kristine Dreckman, Contract Specialist	Brian Sullivan, Director of Section 8
Jess Flaherty, Executive Secretary	Cynthia Thompson, Housing Compliance/Budget Specialist
Jerry Floyd, HOME Program Analyst	Mark Thompson, General Counsel
Cindy Harris, Chief Financial Officer	Rob Tietz, Finance and Funding Manager
Steve Harvey, Chief Operating Officer	Dave Vaske, Tax Credit Manager
Deb Haugh, Director of Single-Family Production	Carole Vipond, Loan Servicing Manager
Geri Huser, Title Guaranty Division Director	Nancy Wallis, Administrative Assistant/ Recording Secretary
Ashley Jared, Director of Communications	Brook Whitney, Administrative Assistant
Carolann Jensen, Chief Administration Officer	
Diane Kuhl, Administrative Assistant	
Katie Kulisky, Administrative Assistant	

### **Others Present**

Jim Conlin – Conlin Properties	Michael Richards – Citizen from Cedar Rapids
David Grossklaus – Dorsey & Whitney, LLP	James Smith – Dorsey & Whitney, LLP
Dean Hoag – Republic Abstract	Courtney Strutt Todd – Davis Brown Law Firm

## **Call to Order**

Chair Baum called to order the February 6, 2013, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:01 a.m. Roll call was taken and a quorum was established with the following Board members present: Baum, Erickson, Greenspon, Heil, Nelson, Peterson and Randleman.

## **Consent Agenda**

Chair Baum introduced the consent agenda and asked if anyone had any items to be removed. There being no objections, Ms. Randleman made a motion to approve the consent agenda, which included the following:

Approval of Minutes of the January 9, 2013, IFA Regular Monthly Board Meeting;  
Approval of Minutes of the January 17, 2013, IFA Special Board Meeting;  
Approval of Resolution WQ 13-03, SRF Planning & Design Loans; and  
Approval of Resolution WQ 13-04, SRF Construction Loans

On a second by Mr. Greenspon, the Board unanimously approved the consent agenda.

## **Administration**

### **Summary & Overview**

Director Jamison announced that some IFA staff held a press conference in Cedar Rapids and Davenport on February 5, 2013, to promote the *Take Credit!* Program and the *Home in Paradise* contest.

### **IFA Excellence Award**

Chair Baum and Director Jamison presented the quarterly IFA Excellence Award to the Section 8 Contract Administration Team comprised of Brian Sullivan, Melody Berns, Deb Briggs, Dan Brown, Kristine Dreckman, Diane Kuhl, Karla Martinez, Scott McClure, Susan Mock, Mike Sharp, Michele Stump, Cynthia Thompson and Brook Whitney. The team was selected for the award based upon the clean annual compliance review from HUD in October 2012, the results of the annual Customer Service Survey conducted by the Section 8 team, and the smooth transition between contractors who conduct Project-Based Section 8 Voucher Reviews on behalf of IFA. Chair Baum thanked the team on behalf of the Board for their hard work.

## **ACCOUNTING AND FINANCE**

### **Review of Financial Statement**

Mr. Harvey presented the December 2012 financial results. As a housing agency, year-to-date net operating income of \$6,147,741 is favorable to budget by \$2,517,726.

The State Revolving Fund year-to-date net operating income of \$21,002,161 is \$264,699 unfavorable to budget.

**MOTION:** On a motion by Mr. Greenspon and a second by Mr. Erickson, the Board unanimously accepted the December 2012 financial statement.

### **Resolution FIN 13-02, Authorization Proceedings for Single-Family FHLB Placement**

Chair Baum announced that this resolution was being withdrawn from the agenda.

### **Resolution FIN 13-03, Authorization Proceedings for Multifamily FHLB Placement**

Chair Baum announced that this resolution was being withdrawn from the agenda.

#### **Resolution FIN 13-04, Reimbursement Resolution for Single Family**

Ms. Harris introduced the resolution authorizing the use of up to \$75 million of tax-exempt bond proceeds to reimburse IFA for purchases of Mortgage-Backed Securities (MBS), which would allow IFA to reimburse itself for MBS purchases temporarily financed by the Restricted Housing Fund (1991 Indenture), the Security Fund (2009 Indenture), or other IFA funds. This process allows IFA to use internal funds to purchase the MBS, and subsequently reimburse the funds with proceeds from future tax-exempt bond issues. She summarized the various times the Board has approved such transactions over the past eight years.

**MOTION:** Mr. Erickson made a motion to approve the resolution authorizing IFA to reimburse the Housing Fund, the Security Fund or such other source of funds used, as applicable, from the proceeds of bonds issued under either or both of the General Bond Resolutions, for payments made for purchases of Loans. Reimbursement allocations, not to exceed \$75 million in aggregate principal amount, shall be made within 18 months of the date of the related expenditure. On a second by Mr. Greenspon, the Board unanimously approved Resolution FIN 13-04.

#### **Resolution FIN 13-05, Reimbursement Resolution for State Revolving Fund (SRF)**

Ms. Harris introduced the resolution authorizing reimbursement of loan disbursements up to \$100 million from future SRF bond issues. She explained that IFA issued \$220 million in SRF bonds on December 20, 2011, which included approximately \$120 million in reimbursements and \$134 million in funds that were not reimbursements. Ms. Harris noted that IFA currently has about \$40 million in reimbursement authority remaining. She reported that disbursements for SRF loans average about \$17 million per month, and that there are committed SRF loans in excess of \$240 million yet to be disbursed. Ms. Harris stated that the Board has approved such reimbursement resolutions in 2009, 2010 and 2011.

**MOTION:** Ms. Randleman made a motion to approve the resolution providing for the reimbursement of certain costs for the Iowa Water Pollution Control Works Financing Program and the Iowa Drinking Water Facilities Financing Program, in an aggregate principal amount not to exceed \$100 million. On a second by Mr. Peterson, the Board unanimously approved Resolution FIN 13-05.

#### **LEGISLATIVE**

Chair Baum stated that there would be no legislative report.

#### **COMMUNICATIONS**

Ms. Jared reported that the media tour to Cedar Rapids and Davenport was a success, and other destinations would be planned in the near future to promote the *Take Credit!* Program and the *Home in Paradise* contest. She also stated that the Iowa Association of Realtors has offered to cover the cost of educational sessions around the state to educate the public on homeownership issues and opportunities. Ms. Jared then noted that new program materials have been, and are being, produced, including some customizable single-family program brochures for use by lenders and Realtors.

Ms. Jared updated the Board on the Iowa Mortgage Help advertising campaign. Chair Baum congratulated Ms. Jared and IFA staff for keeping close contact with various partners to help Iowa remain one of the states with the lowest foreclosure rates.

### **Community Development**

#### **Resolution ED 12-14B, Putco Manufacturing Facility Project**

Ms. Beary introduced the resolution authorizing the issuance of an amount not to exceed \$7,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the Putco Manufacturing Facility Project in Ankeny. She explained that the bonds will be used to construct a facility to manufacture and warehouse automotive accessories made of aluminum, stainless steel and plastic. Ms. Beary stated that

the Board adopted the inducement resolution on June 6, 2012, and that the public hearing was held on February 6, 2013. She said IFA received no verbal or written comments regarding the project. Ms. Beary noted that the project will require an allocation of Private Activity Bond Cap.

Mr. Erickson submitted a letter disclosing a conflict of interest because a partner of his is bond counsel for the borrower. He said he would abstain from discussing and voting on the resolution.

**MOTION:** Mr. Nelson made a motion to approve the resolution authorizing the issuance of not to exceed \$7,000,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (Putco Manufacturing Facility Project), Series 2013, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; and related matters. On a second by Mr. Peterson, a vote was taken with the following results: **YES:** Greenspon, Heil, Nelson, Peterson, Randleman and Baum; **NO:** None; **ABSTAIN:** Erickson [see attached letter]. The Board approved Resolution ED 12-14B on a majority vote.

#### **Resolution ED 12-17B, PFRL, LLC Project**

Ms. Beary introduced the resolution authorizing the issuance of an amount not to exceed \$3,525,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for the PFRL, LLC Project in Polk County. She announced that the bonds will be used for the construction of a processing and distribution center with related office space where food ingredients will be prepared, processed and assembled into meal packages and stored for shipment to customers. Ms. Beary explained that the company has meal programs designed for gluten-free diets, the elderly and those wanting to lose weight. She noted that the Board approved the inducement resolution on July 11, 2012, and that the public hearing was held on February 6, 2013. Ms. Beary said IFA received no verbal or written comments regarding the project. She stated that the project would require an allocation of Private Activity Bond Cap.

Mr. Erickson submitted a letter disclosing a conflict of interest because a partner of his is bond counsel for the borrower. He said he would abstain from discussing and voting on the resolution.

**MOTION:** Ms. Randleman made a motion to adopt the resolution authorizing the issuance of not to exceed \$3,525,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds (PFRL, LLC Project), Series 2013, for the purpose of making a loan to assist the borrower in the acquisition, construction and equipping of a project; authorizing the execution and delivery of certain financing documents pertaining to the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; and related matters. On a second by Mr. Greenspon, a vote was taken with the following results: **YES:** Greenspon, Heil, Nelson, Peterson, Randleman and Baum; **NO:** None; **ABSTAIN:** Erickson [see attached letter]. The Board approved Resolution ED 12-17B on a majority vote.

#### **Resolution ED 09-25B-1, Art's-Way Manufacturing Facility Project**

Ms. Beary introduced the resolution amending the Note and Loan Agreement for the Art's-Way Manufacturing Facility Project in West Union. She explained that IFA issued \$1,300,000 of Manufacturing Facility Revenue Notes in May 2010. Ms. Beary stated that the bank (Bank 1<sup>st</sup>, formerly known as The First National Bank of West Union) and the borrower have agreed to lower the interest rate to 2.75 percent from 3.5 percent on the bonds which have a maturity date of June 2020.

**MOTION:** Mr. Erickson made a motion to approve the resolution amending the Manufacturing Facility Revenue Note, Series 2010 (Art's-Way Manufacturing Co., Inc. Project), previously issued by the Iowa Finance Authority, and the Loan Agreement and other documents relating thereto. On a second by Mr. Greenspon, the Board unanimously approved Resolution ED 09-25B-1.

### **Resolution ED 10-19B-1, Rydell Warehousing Project**

Ms. Beary introduced the resolution amending the Bond and Loan Agreement for the Rydell Warehousing Project in Evansdale. She reported that IFA issued \$1,060,800 of Midwestern Disaster Area Revenue Bonds in December 2010. Ms. Beary announced that the bank (Lincoln Savings Bank in Waterloo) and the borrower have agreed to lower the interest rate from 5.5 percent to 4.35 percent on the bonds that have a maturity date of December 2025.

**MOTION:** Ms. Randleman made a motion to adopt the resolution amending the Midwestern Disaster Area Revenue Bond (Rydell Warehousing, L.L.C. Project), previously issued by the Iowa Finance Authority, and the Loan Agreement and other documents relating thereto. On a second by Mr. Peterson, the Board voted unanimously to adopt Resolution ED 10-19B-1.

Ms. Beary then reported that EPA has recognized IFA for being the first state in the country to draw down all their Clean Water capitalization grants from EPA. EPA has been criticized by Congress and others about the large grant balances that states haven't drawn down. She said EPA asked SRF staff to draft a report explaining how Iowa's process worked to accomplish that goal so efficiently.

## **HousingIowa**

### **Resolution HI 13-03, Request for Admin Funds for HOME Investment Partnerships Program**

Mr. Floyd announced that Capax Infinity Housing, Inc. received an award of HOME funds in May 2012 for Tenant-Based Rental Assistance to be utilized in their Iowa Self-Sufficiency Rental Assistance Program. He stated that at the time of application submission, the applicant did not submit a request for administration funds, but that subsequent to the award, the administrator has recognized the need for assistance with the operating expenses of the program. Mr. Floyd explained that a sub-recipient applicant is eligible for up to 10 percent of the regular fund award for administration expenses, which, in this case, would be \$6,700.

**MOTION:** Mr. Nelson made a motion to approve the resolution awarding 2012 HOME Administration funds to the project in the amount listed on Exhibit A of the resolution. On a second by Mr. Peterson, the Board unanimously approved Resolution HI 13-03.

## **Title Guaranty Division (TGD)**

Ms. Huser announced that TGD had premium revenues in January of \$980,997, which is the highest monthly total in the history of TGD. She informed the Board of several items that will be considered by the TGD Board at its March 5, 2013, Board meeting, as well as some TGD-related legislative items that will be considered by the Legislature during the current session.

## **Miscellaneous Items**

### **Receive Comments from General Public**

Chair Baum opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Michael Richards, a citizen from Cedar Rapids, submitted a letter signed by neighborhood association members regarding complaints about a developer and his existing and proposed projects that are funded by Low-Income Housing Tax Credits.

There being no additional audience members wishing to address the Board, Chair Baum closed the public comment period.

### **Adjournment**

There being no further business, on a motion by Ms. Randleman and a second by Mr. Greenspon, the February 6, 2013, regular monthly meeting of the IFA Board of Directors adjourned at 11:44 a.m.

Dated this 13<sup>th</sup> day of March 2013.

Respectfully submitted:

Approved as to form:

David D. Jamison  
Executive Director/Board Secretary  
Iowa Finance Authority

Darlys J. Baum, Chair  
Iowa Finance Authority

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## Memorandum

To: David Jamison, Executive Director  
Mark Thompson, General Counsel  
Nancy Wallis, Administrative Assistant

From: David M. Enck

Date: 2/6/13

Re: Disclosure of Conflict of Interest

Pursuant to Iowa Code section 16.3A, the undersigned member of the Board of the Iowa Finance Authority hereby discloses the following conflict of interest with respect to ED 12-14B, ED 12-17B [describe matter to which the conflict applies – for example, Resolution #01-6A, a specific board action, tax credits, etc.]:

Counsel is member of my law firm.

/  
describe the conflict](the "Conflict").

Because of the Conflict, the undersigned will not participate in action by the Authority with respect to the matter described above.

David M. Enck  
(Signature)

DAVID M ENCK  
(Printed Name)